Buyer Beware: Understanding the Value of Real Dental Insurance Under Health Care Reform

Individuals purchasing insurance through the new online state exchange marketplace may find the value of dental coverage embedded in a medical plan misleading. Unlike stand-alone plans, an embedded dental product is subject to higher deductibles and out-of-pocket maximums to satisfy the medical benefits.

To explore consumer knowledge of this topic, Delta Dental of Colorado contracted an independent research firm to conduct a quantitative study of 600 Colorado men and women who currently have and do not have insurance to gauge initial reaction to purchasing dental coverage on the Colorado healthcare exchange. In general, individuals want a choice about where they purchase dental coverage, and they do not want to be required to pay for benefits they can’t use, such as households without children being required to purchase child-only coverage as part of their medical plan.

Dental benefits embedded with medical plans are not in the best interest of the consumer for two reasons:

- Dental utilization is lower in embedded plans because consumers aren’t aware of their dental benefits.
- The amount families pay for coverage is dependent on deductibles and out-of-pocket maximums determined by the medical insurance. A gold-level health plan deductible is expected to be $2,000, while today’s stand-alone dental plan deductibles range from $25 to $100. The medical out-of-pocket maximums on the exchange are likely to be $6,100 for an individual and $12,000 for a family, while the maximums for a stand-alone dental plan will be $350 for a single child and $700 for two or more children. This means a family with acute dental-care needs will pay for services before the insurance company pays 100%.

Participants want minimal disruption and place high importance on their dentist relationship.

As we looked at the impact of offering children’s dental coverage part of a medical plan, several scenarios emerged.

- If my medical insurance were offering dental insurance for the entire family as part of the medical plan, I would purchase it through them.
- If my kids were covered under my medical insurance for dental, I would probably discontinue my own dental insurance plan to save money.
- If my kids were covered under my medical insurance for dental, I would still continue to purchase my dental insurance plan through a dental insurance company.

Showing responses of “very,” “likely” and “somewhat.”